

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – MARCH 14, 2002**

**PRESENT:** Chairman John Byrne and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; George Tsiopras, Chief Accountant; Richard Farrenkopf, Assistant Director of Information Technology; Nicole Horton, Wine Marketing Specialist; Al Picconi, United Beverages, Inc.

**EXCUSED:** Commissioner Anthony Maiola; Howard Roundy, Director of Information Technology

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending March 10, 2002 shows retail sales were up 24.5%, on-premise sales were up 19.3%, off-premise sales were up 13.5%, and total aggregate sales were up 21.9%. The traffic count increase by 13,255, as did the average sale by \$2.48.

Total weekly sales for the same week confirm total sales were up 21.9% or \$925,520 for the week, as they were for the year by 7.12% or \$15,530,767. Wine sales for the week increased 24.3% or \$473,084, and also increased for the year by 9.5% or \$9,347,708. Sales of spirits were up almost 19.4% or \$451,372, and were also up year-to-date by 6% or \$7,335,124. Chairman Byrne said the record should show that there was one extra day of business this year versus last year.

##### **B. Budget Reports:**

The latest W-6 Expense Budget Activity Variance report shows the year to be at 69.86% completed, with the Commission at about 69% for total expenditures. Class 50 Personal Services and Class 60 Benefits have been high, but are being monitored daily.

Because of difficulties with Masterpiece last week, the bills did not go out to the vendor/brokers at the normal time. As of today, however, billing for depletions/post-offs has been completed.

Renovations on the second floor began on Thursday and were completed on Saturday with only minor problems. Craig thanked everyone who was involved in the process. Work is continuing on the inside lighting, but it is not clear how long this may take.

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Craig and Brian Law have been working on the Law contract renewal. There are some concerns on Brian's part relative to requirements by the Attorney General's Office. Craig will get together with Brian again by telephone or in person tomorrow.

The blanket waiver to the freeze for store personnel was approved by Governor and Council, and paperwork confirming this should be forthcoming.

Craig distributed paperwork today to the Bureau Chiefs regarding capital projects for the next biennium, asking them to have it back to him by April 5<sup>th</sup> in order to meet required deadlines. Chairman Byrne asked that the Chiefs come to him regarding capital projects.

George presented workmen's compensation information to store operations which was broken down by month comparing this year to last year. The Commission is already \$120,000 over budget for this year. \$64,000 was spent last month alone out of this account. Peter remarked that some workers had been injured on the job. Chairman Byrne asked for a supplemental report on this; Craig said he would report on a more regular basis. George Liouzis will be asked to set up a meeting with workmen's compensation, and a committee will be developed which will alert workers to potential problems which should be addressed.

Craig also said there is no more money in current expenses for the Commission office, and a transfer will be necessary.

The Ameresco energy project is being analyzed; it appears that one or two of the budget lines have been exceeded.

Work is continuing on contracts and amendments relating to maintenance.

The credit card RFP is progressing. The Commission is trying to include an automatic reconciliation feature which will greatly improve efficiency. (George explained how this process works.) This will require a little extra time, but he is optimistic that this can be included in the new contract. Gift cards are currently in the stores.

2. IT Reports

Rick Farrenkopf reported that the Dell contract is in place, with an anticipated delivery of equipment within the next two to three weeks. He had met with Peter to work out the logistics on store moves. Work continues on the RFP for store support, as the current contracts with ACR and Compaq are due to expire. IT is looking for one vendor to replace these two contracts.

**II.     MARKETING & SALES REPORTS**

1.     Store Operations

John Bunnell reported that the Marketing Department is working with the advertising agency to set up an aggressive summer campaign.

For the week ending 3/10/02, store sales were up 4.21% for a total of \$768,515.93. Sunday sales for March 10, 2002 totaled \$438,360.89, representing a 4.9% increase in sales over last year.. The customer count increased by 332 or 3%, with an increase of 5.5% in work hours.

The new location for Store #23 Conway is slated for Tuesday, March 19<sup>th</sup>, and Store #27 Nashua is due to open May 6<sup>th</sup>. A meeting will be held on March 19<sup>th</sup> with the Department of Transportation regarding capital projects at Store #34 Salem and #38 Portsmouth. The paving contract at Store #38 Portsmouth will soon be taken care of. The landlord for Store #10 Manchester is planning to demolish and replace the current mall. Paperwork will be forwarded to Tom Smith concerning this. Peter noted that Store #11 Lebanon increased it's wine sales during the month of February from 32% to 51%.

Commissioner Russell commented that the new sign at Store #60 West Lebanon does not appear to match the other signs. Peter said that, according to Hammer signs, it is the same size as the others. Peter and John will visit the store to observe the sign themselves.

2.     Warehouse Report

Other than the fact that White Rock Distillery stock appears to be low, everything appears to be alright in the warehouse at this time.

A.     Tabled Item – Asbestos Abatement (tabled from 3/7/02):

Craig reported that he has found out that Public Works has on retainer two engineers who can provide a quote on the costs of the asbestos removal project in the boiler room. He has faxed the work order to them, and will bring back further information to the Commission. This item remained on the table.

3.     Purchasing Report

There were no significant issues to report regarding current out-of-stocks.

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4. Merchandising Report

A. SPIRITS:

1) President's Day Sale:

The President's Day Sale, which took place from Thursday, February 14 through Sunday, February 24, 2002 and featured twenty-six (26) spirit items, produced some very good results, notably for Three Olives Vodka.

2) Test Market Products:

a. Test Market Request (DeKuyper Tropical Pineapple):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc. for a new test market product listing for DeKuyper Tropical Pineapple, 750ML size (assigned Code #5422), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Llord's Cosmopolitan):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. for a new test market product listing for Llord's Cosmopolitan, 750ML size (assigned Code #5409), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Reply (Vermont Spirits White and Blue Vodkas):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Horizon Beverage Company for specialty listings for Vermont Spirits White and Blue Vodkas, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Results (Old Grand Dad Bourbon):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist Code #1419, Old Grand Dad

Bourbon, 375ML size, as the product failed to earn the required gross profit during a six-month test market period and, as a line extension, does not qualify for specialty status, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Results (Codes #3553, #3555 & #3554):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve specialty status for Code #3553, Burnetts Citrus Vodka and Code #3555, Burnetts Raspberry Vodka, 1.75L sizes, both of which did not attain the gross profit required for full distribution during a six-month test market period, but each did earn over 50% of the gross profit requirement for specialty listing, and delist Code #3554, Burnetts Orange Vodka, 1.75L, which did not attain the gross profit required for full distribution during a six-month test market period, and also did not earn at least 50% of the required gross profit for specialty listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Reduced Grappa Price:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve cost reductions from M.S. Walker, Inc. on several codes of hand blown Grappa gifts sets which did not sell during the Christmas 2001 holiday season, with the Commission matching the reductions in order to further lower the retail price to help deplete remaining inventory, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) May Special Offers:

a. 3 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of three (3) spirit items, to be featured on sale during May 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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- b. 50 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of fifty (50) spirit items, to be featured on sale during May 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 31 items – Executive Wine & Spirits/Martignetti:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirit/Martignetti Companies of N.H., based upon depletions of thirty-one (31) spirit items, to be featured on sale during May 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

- 1) Primary Source Submissions:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) wine codes which are not from primary source, but are imported, and nine (9) wine codes which are not from primary source, but are offered by the exclusive marketing agent, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS**

None.

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated March 8 through March 14, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

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John W. Byrne, Chairman

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Patricia T. Russell, Commissioner

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